

HOUSEHOLD FINANCES



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HOUSEHOLD BUDGETING

Get the whole family involved! It is easier to stick to a budget if everyone helps. Track your family's expenses for a few months to determine your budget.

- Use an expense chart to track all monthly expenses. *See the next page for an example of a monthly expense chart.*
- Consider all small expenses, such as money for snacks, lottery tickets, etc. Also consider big expenses, such as car payments, gasoline, utility bills, etc.
- Save a small amount of money each month for emergencies, such as medical bills, or car and house repairs.
- Plan ahead for big annual expenses, such as car and homeowner's insurance, property taxes, and school clothes.





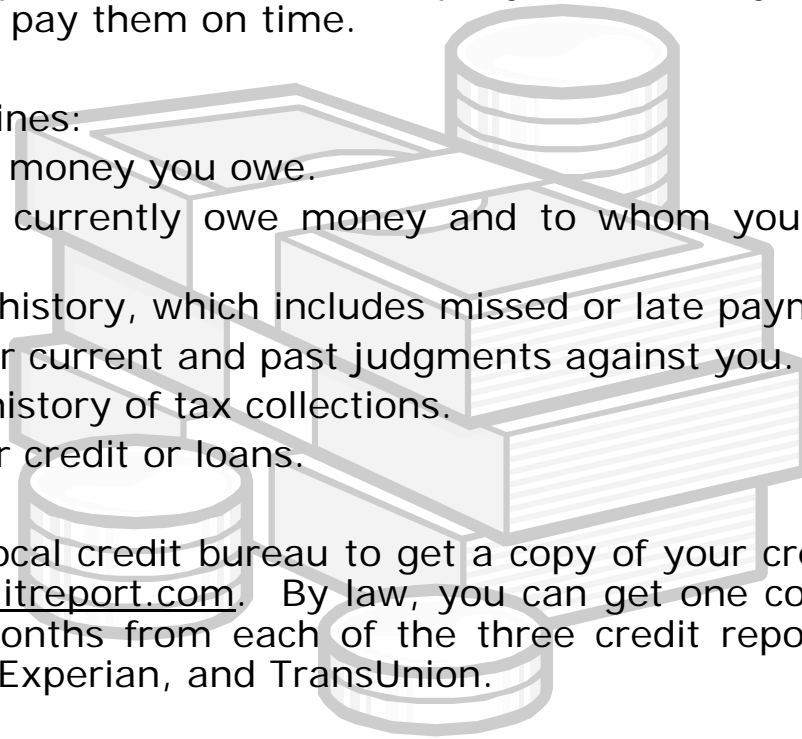
<u>TYPE OF MONTHLY EXPENSE</u>	<u>COST</u>
Housing (rent/mortgage, utilities, water and sewer, trash, lawn care, furnishings, etc.)	\$
Transportation (car payment, gas, insurance, maintenance, etc.)	\$
Food (groceries, school lunches, lunches/snacks for work, etc.)	\$
Insurance (medical and dental (if not payroll deducted), life, disability, etc.)	\$
Medical (doctor, dentist, prescriptions, etc.)	\$
Childcare (child support, alimony, babysitter, etc.)	\$
Clothing (dry cleaning, school clothes, etc.)	\$
Donations (religious, charity, etc.)	\$
Education (tuition, books, supplies, lessons, etc.)	\$
Gifts (birthdays, holidays, etc.)	\$
Personal (hair cuts, children's allowances, cigarettes, beer, etc.)	\$
Entertainment (movies, sports, restaurants, trips, hobbies, etc.)	\$
Debts (credit cards, student loans, personal loans, etc.)	\$
Miscellaneous (pet care, postage, photo processing, lottery tickets, etc.)	\$
<i>Total Cost of Monthly Expenses</i>	\$

BANK ACCOUNTS

- It is safer to keep your money in a bank account, as opposed to carrying around large amounts of cash or hiding money at home.
- Checking and savings accounts can help you track your money. A bank statement will be sent to you each month, showing deposits to and withdrawals from your accounts.
- Gather information regarding several banks before choosing the bank in which to open an account. Inquire at each bank about their minimum amounts for opening accounts, and their fees and interest rates. Choose the bank which best suits your needs.
- You can request an Automatic Teller Machine (ATM/debit) card upon opening a checking account. However, beware of ATM fees if you use an ATM which does not belong to your bank. A debit card is not a credit card; money is deducted straight from your checking account every time you use your debit card.
- If you are a homeowner, you may secure a Home Equity Loan to borrow money against the equity value in your home. Home Equity Loans should be used carefully so you do not increase personal debt beyond your control.

CREDIT REPORT

- You should pay all of your bills on time to ensure that you have a good credit report. Credit reports show each company to which you pay bills, and whether or not you pay them on time.
- A credit report outlines:
 - The amount of money you owe.
 - To whom you currently owe money and to whom you have previously owed money.
 - Your payment history, which includes missed or late payments.
 - Bankruptcies or current and past judgments against you.
 - Tax liens and history of tax collections.
 - Applications for credit or loans.
- You can call your local credit bureau to get a copy of your credit report, or go to www.annualcreditreport.com. By law, you can get one copy of your credit report every 12 months from each of the three credit reporting companies, which are Equifax, Experian, and TransUnion.





CREDIT REPORT

Credit Report Bureaus - Contact Information

- Equifax
 - Telephone: 1-800-685-1111
 - Address: P.O. Box 740241
Atlanta, Georgia 30374
- Experian
 - Telephone: 1-888-397-3742
 - Address: P.O. Box 2002
Allen, Texas 75013
- TransUnion
 - Telephone: 1-800-888-4213
 - Address: P.O. Box 1000
Chester, Pennsylvania 19022

CREDIT REPORT

WHERE TO GO FOR HELP

- If you lose your job or are having trouble paying bills, call each of your lenders and creditors and explain to them that you are having trouble making your payments. Your lenders or creditors may be willing to alter your payment schedule.
- A poor payment history may prevent you from qualifying for loans in the future, so it is important to make timely payments on loans and bills.
- If you need further assistance, call the local Consumer Credit Counseling Service.

FILING FOR BANKRUPTCY

- Before filing for bankruptcy, consult a counselor at the local Consumer Credit Counseling Service.
- Filing for bankruptcy is a serious matter; bankruptcy will appear on your credit report for the following 10 years.
- A bankruptcy may make it difficult for you to qualify for loans during the 10 years it shows on your credit report.



MAJOR PURCHASES

HOME AND APPLIANCE PURCHASES

- You should save a small amount of money every month to use for emergency home repairs or replacements, such as roofing, water heater, furnace, etc.
- Before making a major home appliance purchase, compare prices of companies. Look in newspaper ads and sales flyers to find the lowest price before making a major purchase for your home.
- Buy appliances and furniture as opposed to renting them. The cost for renting is usually higher than the cost of buying. Also, rental stores have a more limited selection of items from which to choose.
- After making major home purchases, save all warranty information and owner's manuals. This information should be stored in a safe, easily accessible place, so it will be easy to find if you need it. You should also save store receipts as proof of purchase.

HIRING A REPAIR PERSON

A good way to save money is to do small home repairs on your own. However, in some cases, repairs and home improvements may need to be completed by a repair person or contractor.

When selecting a repair person or contractor:

- Use a repair person or contractor who has been recommended to you by someone you know.
- Hire only contractors who are licensed and insured. Call the Better Business Bureau to see if any complaints have been filed against the contractor(s) you choose.
- Get written estimates from at least two contractors for all work to be done.
- Ask for a written contract from the repair person or contractor, and be sure to read and understand it before signing it.
- Never pay the full amount in advance, and never pay in cash. Also, do not give the repair person or contractor a key to your home.

WEBSITES

The following websites provide information regarding home maintenance and improvements and may be useful to you:

- www.thisoldhouse.com
- www.diynetwork.com/diy/home_improvement



HOMEOWNER'S INSURANCE

Homeowner's insurance is important to have because it can protect you and your home against loss due to fire, natural disasters, accidents, and lawsuits. Insurance companies are required by law to provide basic coverage to all homeowners.

TYPES OF INSURANCE COVERAGE

- Structural – Covers repairs or replacements due to damage from fire, storms, and accidents (falling trees, etc.).
- Personal Property – Covers all items owned against theft or damage.
- Liability – Covers you against lawsuits resulting from injury to others and pays legal fees and any damages awarded up to policy limits.

See an insurance agent for more information regarding homeowner's insurance.



HOMEOWNER'S INSURANCE

RECOMMENDED TYPES OF INSURANCE COVERAGE

- Structural – At least 80% of the value of the house and other structures, such as garages and sheds.
- Personal Property – 40% to 50% of the value of your home.
- Liability – At least 100% of the value of your property.

You should review your insurance coverage every 3-5 years. If you have made any home improvements which have increased the value of your home, you should update your insurance coverage.

It is a good idea to get estimates from at least two agents or companies prior to purchasing homeowner's insurance.

